

FY 2007-08 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - SEA RANCH

A. Program Description

This budget for Sanitation Zone - Sea Ranch (Zone 1) finances administration, operation, and maintenance of the collection system, pumping stations and two treatment plants.

B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 06-07 Adopted	FY 07-08 Requested	Percent Change	FY 06-07 Adopted	FY 07-08 Requested	Percent Change
Operations	\$548,534	\$478,600	(12.75%)	\$158,773	\$69,541	(56.20%)
Construction	630,483	90,000	(85.73%)	574,483	25,750	(95.52%)
TOTAL:	\$1,179,017	\$568,600	(51.77%)	\$733,256	\$95,291	(87.00%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 05-06 Actual	FY 06-07 Budget Estimate	FY 06-07 Revised Estimate	FY 07-08 Projected	Change from FY 06-07 Budget Estimate
Total ESDs	556	549	556	563	2.55%
Total APNs	837	837	837	836	(0.12%)

E. Summary of Issues and Significant Changes

The Sea Ranch Sanitation Zone (Sea Ranch SZ) consists of two wastewater collection and treatment systems located in Central and North Sea Ranch. The Central and North Facilities both provide treatment to secondary wastewater treatment standards and are designed to treat average daily dry weather flows of up to 27,000 and 160,000 gallons per day, respectively. Treated wastewater from both facilities are disposed of through irrigation. The Sea Ranch Water Company is under contract to operate and maintain the Sea Ranch SZ facilities for the Agency.

The Sea Ranch Association purchased all of the Sea Ranch Water Company stock in August of 1997. The Sea Ranch Water Company continues to operate as a California Corporation, but has entered into a management agreement with the Association wherein the Association provides supervision, labor, and administrative services to the Sea Ranch Water Company.

The Agency and the Association continue to investigate options for the continued operation of the Sea Ranch SZ. Options being considered include executing an agreement between the Agency and the Association for the continued operation of the sewer facilities and the transfer of all assets, liabilities, and management responsibilities to the Association.

The requested rate per ESD for FY 07-08, annual sewer service charge, is \$737, representing a 3.0% increase from FY 06-07.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2007-08 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - OPERATIONS
Section/Index No: 678102

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$377,361	\$398,334	\$20,973	5.56%
1061 Flat Charges - PY	3,000	3,000	0	0.00%
1120 Penalties / Costs on Taxes	600	600	0	0.00%
Subtotal Taxes	\$380,961	\$401,934	\$20,973	5.51%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$8,800	\$7,125	(\$1,675)	(19.03%)
Subtotal Use of Money	\$8,800	\$7,125	(\$1,675)	(19.03%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$0	\$0	\$0	N/A
Subtotal Charges for Services	\$0	\$0	\$0	N/A
TOTAL REVENUES	\$389,761	\$409,059	\$19,298	4.95%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$5,000	\$5,000	\$0	0.00%
6140 Maintenance- Equipment	0	10,000	10,000	N/A
6180 Maintenance - Bldgs / Imp	173,000	20,000	(153,000)	(88.44%)
6522 District Services	45,000	3,000	(42,000)	(93.33%)
6523 District Operations	0	60,000	60,000	N/A
6540 Contract Services	170,000	185,000	15,000	8.82%
6570 Consultant Services	0	1,000	1,000	N/A
6573 Administration Costs	3,500	3,600	100	2.86%
6610 Legal Services	5,000	3,000	(2,000)	(40.00%)
6629 Fiscal Accounting Services	0	5,000	5,000	N/A
6630 Audit / Accounting Services	1,034	0	(1,034)	(100.00%)
7212 Chemicals	2,000	0	(2,000)	(100.00%)
7217 State Permits / Fees	15,000	10,000	(5,000)	(33.33%)
7320 Utilities	32,000	35,000	3,000	9.38%
Subtotal Services and Supplies	\$451,534	\$340,600	(\$110,934)	(24.57%)

OTHER CHARGES

7980 Depreciation	\$30,000	\$71,000	\$41,000	136.67%
Subtotal Other Charges	\$30,000	\$71,000	\$41,000	136.67%

FY 2007-08 BUDGET
SUMMARY OF REVENUES AND EXPENDITURES

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$50,000	\$50,000	\$0	0.00%
<i>Subtotal Other Financing Uses</i>	\$50,000	\$50,000	\$0	0.00%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$17,000	\$17,000	\$0	0.00%
<i>Subtotal Approp. for Contin.</i>	\$17,000	\$17,000	\$0	0.00%
<u>TOTAL EXPENDITURES</u>				
	\$548,534	\$478,600	(\$69,934)	(12.75%)
<u>TOTAL NET COST</u>				
<i>(Expenditures Minus Revenues)</i>	\$158,773	\$69,541	(\$89,232)	(56.20%)

FY 2007-08 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - Sea Ranch - Operations

Character Title: Taxes

Character No.: 678102-10

1001 Flat Charges - CY

Flat charge revenue from annual sewer service charges is expected to increase from the adopted FY 06 07 budget. The rate will increase 3.0%, from \$716 to \$737.

ESDs times annual rate:	563 x \$737	\$414,931
Less Estimated Delinquency Factor:	4%	(16,597)
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		\$398,334

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This item records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 678102-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$150,000
Projected Interest Rate	<hr/> 4.75%
Projected/Planned Interest on Pooled Cash	\$7,125

Character Title: Charges for Service

Character No.: 678102-30

3400 Sanitation Services

This account is used to record annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges-CY, in the following year.

The budget request for the forthcoming fiscal year assumes no revenue in this account. New hook-ups in this area are unpredictable.

6040 Communications

This account records expenses paid by the Zone for outside communication and wireless services, as well as for the cost of alarm services provided by Honeywell.

6140 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the treatment plant and collection system.

6522 District Services

This accounts records the service and supply type items associated with operations and maintenance of the Zone's facilities.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. We anticipate the need for continued groundwater monitoring, collection system inflow and infiltration investigation, system improvement planning, and general oversight of operations. This new account number is being set-up to isolate internal labor activities.

6540 Contract Services

This account reflects the contract costs for the Sea Ranch Water Company to operate both the North and Central treatment plants.

6573 Administration Costs

This account represents the 3% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to Zone's accounting.

6630 Audit / Accounting Services

This account represents the cost for audit and accounting services provided by an outside certified public accounting services. No funds will be budgeted for FY 07-08.

6570 Consultant Services

This account records the services of outside consultants.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

Character Title: Services and Supplies (Continued)

Character No.: 678102-60

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the requirements of the Zone's operating permit (waste discharge requirements), as required by the North Coast Regional Water Quality Control Board.

7217 State Permits / Fees

This account records the cost of District permits related to NPDES, as mandated by the Regional Water Quality Control Board.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water. Our recent cost experience indicates that higher costs may be incurred during the forthcoming year.

Character Title: Other Charges

Character No.: 678102-75

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Other Financing Uses

Character No.: 678102-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Appropriations for Contingencies

Character No.: 678102-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2007-08 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Sea Ranch - Operations

Index No.: 678102

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07	Requested FY 07-08
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$264,363	\$306,788	\$161,541
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	383,239	397,609	409,059
Expenditures - (Decrease) fund balance	(386,732)	(550,315)	(478,600)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(3,494)	(152,706)	(69,541)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	46,998	7,459	71,000
Change in Encumbrance	(1,078)	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	45,920	7,459	71,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$306,788	\$161,541	\$163,000
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	\$42,424	(\$145,247)	\$1,459
<u>Fund Balance Components at Beginning of FY</u>	7/1/05	7/1/06	
Cash	\$274,617	\$330,353	
Accounts Receivable	5,874	1,350	
Accounts Payable	(14,725)	(22,434)	
Encumbrance	(1,403)	(2,481)	

FY 2007-08 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE 1 - SEA RANCH - CONSTRUCTION
Section/Index No: 678300

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
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REVENUES:

USE OF MONEY

1700 Interest on Pooled Cash	\$6,000	\$14,250	\$8,250	137.50%
Subtotal Use of Money	\$6,000	\$14,250	\$8,250	137.50%

OTHER FINANCING SOURCES

4625 OT - W/in Special Dist - BOS	\$50,000	\$50,000	\$0	0.00%
Subtotal Other Financing Sources	\$50,000	\$50,000	\$0	0.00%

TOTAL REVENUES	\$56,000	\$64,250	\$8,250	14.73%
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EXPENDITURES:

FIXED ASSETS

8510 Buildings / Improvements	\$590,483	\$50,000	(\$540,483)	(91.53%)
9142 Capital Replacement Program	40,000	40,000	0	0.00%
Subtotal Fixed Assets	\$630,483	\$90,000	(\$540,483)	(85.73%)

TOTAL EXPENDITURES	\$630,483	\$90,000	(\$540,483)	(85.73%)
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TOTAL NET COST	\$574,483	\$25,750	(\$548,733)	(95.52%)
<i>(Expenditures Minus Revenues)</i>				

FY 2007-08 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Sea Ranch - Construction

Character Title: Use of Money

Character No.: 678300-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$300,000
Projected Interest Rate	<u>4.75%</u>
Projected/Planned Interest on Pooled Cash	\$14,250

Character Title: Other Financing Sources

Character No.: 678300-46

4625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Construction Fund to finance the capital replacement program. If the Operations Fund does not have sufficient cash available to finance planned capital projects, the transfer will not be made and any uncompleted projects will be rescheduled and rebudgeted in the next fiscal year.

Character Title: Fixed Assets

Character No.: 678300-85

8510 Buildings / Improvements

This account is used for expenses associated with facility upgrades or expansion of the collection system, lift station, and capacity at the Sea Ranch wastewater treatment facilities. The budgeted items consist of environmental, engineering design, and construction work for the consolidation of the treatment plants. The following projects are planned for the forth coming year:

Building/Improvement	PCAS No.	Amount
Treatment Plant Consolidation	3872	<u>\$ 50,000</u>
	Total	<u><u>\$ 50,000</u></u>

9142 Capital Improvement

The amount requested for the forthcoming year is intended to be used for the replacement of electrical and mechanical equipment (including the replacement of items most likely to reduce operation and maintenance costs). The present electrical equipment is nearly 20 years old so finding replacement parts is difficult and expensive. The mechanical equipment is worn out due to age and the corrosive environment at Sea Ranch.